

Demand far outstripping Eagle supply

By Roger Boye

The U.S. Mint has boosted production targets for American Eagle gold coins in the face of unrelenting demand.

Uncle Sam now plans to issue 3.7 million Eagles containing 2.1 million troy ounces of gold by Dec. 31, less than 2½ months after the program began. Originally, officials had not expected to reach that mintage plateau until October 1987.

Government crews continue to work round the clock to increase production at West Point, N.Y., where the gold pieces are made. In particular, mint directors want to create more "fractional Eagles"—the one-half, one-quarter and one-tenth ounce coins, which are in tightest supply.

Earlier this month some Chicago-area retailers said they still were unable to obtain enough fractional Eagles to fill all of their orders. That shortage has lifted coin prices to what some pros said were artificially high levels.

Dealers surveyed on Dec. 4 were charging from \$248 to \$285 for a half-ounce gold Eagle, or a premium of from 27 to 46 percent over the coin's \$195 "melt value" on that day [gold sold for about \$390 a troy ounce on Dec. 4]. Likewise, dealers also charged hefty premiums on the other two fractional Eagles [retail prices ranged from \$135 to \$148 for the quarter-ounce Eagle and from \$64 to \$71 for the one-tenth ounce Eagle].

Experts agree that once the supply of fractional Eagles exceeds demand—as it will eventually—the coins will drop in price in relation to their gold content. Most likely, buyers then will pay for the gold plus a premium of from 10 to 20 percent.

Incidentally, prices for one-ounce Eagles—the gold coin with the highest mintage so far—have tended to stabilize recently. Several dealers grossed \$424 per coin on Dec. 4, which was just \$34—or about 9 percent—over the coin's gold value on that day.

Gold Eagles are legal tender for \$50, \$25, \$10 and \$5, but those "face amounts" have no bearing on each coin's retail price.